



STATE OF MICHIGAN  
DEPARTMENT OF EDUCATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

MICHAEL F. RICE, Ph.D.  
STATE SUPERINTENDENT

## **MEMORANDUM**

**DATE:** May 7, 2020

**TO:** Local and Intermediate School District Superintendents  
Public School Academy Directors

**FROM:** Kyle L. Guerrant, Deputy Superintendent  
Finance and Operations

**SUBJECT:** 2020-2021 Federal Indirect Cost Rates

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The Michigan Department of Education (MDE) is pleased to announce the availability of updated indirect cost rate information. The new rate information includes special education rates for 2019-2020 and preliminary rate information for 2020-2021.

The following forms are the starting point for the annual establishment of indirect cost rates to provide a mechanism for recovery of central administration costs as allowed by the U. S. Department of Education.

- [Form R0418A](#), *Costs for the Development of 2020-2021 Federal Indirect Cost Rates*, details the cost data used to calculate preliminary indirect cost rates.
- [Form R0418](#), *Carryforward Calculation for Approved 2020-2021 Indirect Cost Rates*, shows the results of the preliminary calculation.
- [Form DS-4513](#), *Indirect Cost Rate Adjustments*, is used to adjust and improve the data on the R0418A so the rate accurately represents the operations of the district.

All of this information and more may be accessed through the following link:  
<https://www.michigan.gov/mde/0,4615,7-140-6605-118785--,00.html>

### **Form DS-4513**

[Form DS-4513](#) was updated last year to improve processing and workflow. The most significant change included a tab specifically for subcontract exclusions. A district is to request an exclusion for any contracted service in excess of \$25,000 that affects the direct cost base. This tab is designed to allow the user to enter the total contract amount and the amounts charged to each function code or grouping, as organized on [Form R0418A](#). The subcontracts tab will proportionately subtract the first \$25,000 and calculate the exclusion.

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### **Head of Component Data Collection**

Districts with [membership greater than 2,999](#) will be required to complete the *Head of Component* tab (Part IV-HOC). This worksheet has been updated to improve the data collection process. Districts required to complete this worksheet will submit an organizational chart along with form [DS-4513](#). A list of districts with membership greater than 2,999 is provided on the MDE website. **Districts should enter a business manager contact in the [Educational Entity Master \(EEM\)](#) to receive Head of Component communications.**

Additional information regarding *Head of Component* was included in the [April 2018 Memo](#) on indirect cost rates.

### **Deadline and Submission Information**

#### **When is the DS-4513 due?**

The due date for form [DS-4513](#) is June 1, 2020. This due date is critical and late submissions are not accepted. As MDE continues to facilitate the grant application process through the Michigan Electronic Grants System (MEGS), it is imperative to have the indirect cost rates available on a timely basis. Your cooperation in this regard is appreciated.

#### **Where do I send my completed DS-4513?**

Form DS-4513 is accepted through the online portal at <https://fs10.formsite.com/SASF/form14/index.html>. This online submission repository allows the department to ensure your submission has been received and processed. It also provides a confirmation of your submission for your records.

If you have any questions or comments, please contact Jessica Beagle at 517-241-6435 or by email at [BeagleJ1@michigan.gov](mailto:BeagleJ1@michigan.gov).

cc: Michigan Education Alliance